Reduction in defence expenditure

*107. SHRIMATI MIRA DAS:
SHRI S. MADHAVAN:

Will the Minister of DEFENCE be pleased to state:

(a) whether defence expenditure is proposed to be reduced as a result of the resource crunch;

(b) if so, what are the steps taken to keep up the defence preparedness of the armed forces; and

(c) whether the proposed cut in defence expenditure would affect the modernisation and training programmes of the Defence Department?

THE MINISTER OF DEFENCE (SHRI SHARAD PAWAR): (a) There is no such proposal at present.

(b) and (c) Do not arise.

Drugs prices control order

*108. DR. RATNAKAR PANDEY: Will the PRIME MINISTER be pleased to state:

(a) whether Government's attention has been drawn to the news item captioned "Government Plays truant Cop as Drug Prices Sour" which appeared in Indian Express on 24th October, 1991.

(b) whether it is a fact that under the Drugs Prices Control Order price increase can be allowed only after drug companies apply and submit supporting data;

(c) if so, names of the drugs where price increases have been allowed without application and supporting data;

(d) what is the percentage of increase allowed in each case;

(e) whether Government are aware that drug companies earned undue profit of millions of rupees due to this action; and

(f) what steps have been taken by Government to investigate into the matter and fix responsibility?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) Yes, Sir.

(b) No, Sir.

(c) to (d) Drug industry had been strongly demanding across the board increase in prices of all bulk drugs and formulations. This was on account of hike in the prices of petroleum products last year, increase in margin money on import, credit squeeze and increase in the cost of other inputs, restrictions imposed by Government on extent of price revision in formulations, etc. Immediately after Government announced change in the exchange rate of rupee against major foreign currencies, this demand was intensified. There were apprehensions of curtailment of production by drug units particularly of drugs having imported content and an emerging situation of shortages. Therefore, Government decided to examine the position drug-wise and allow impact of increase in cost of imported material since the time of last price fixation due to change in exchange rate of rupee against foreign currencies. Increases in prices of 54 bulk drugs were calculated and given on the basis of available supporting data with the Department and in consultation with BICP. The names of drugs, previous prices, revised price and percentage of increase allowed in each case is given in the statement.

(e) No, Sir.

(f) Does not arise.